

## Message Text

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PAGE 01 KUALA 05019 020040Z  
ACTION PM-05

INFO OCT-01 EA-07 ISO-00 TRSE-00 CIAE-00 INR-07  
NSAE-00 AID-05 IGA-02 L-03 OMB-01 /031 W  
-----036746 020114Z /70  
R 010945Z AUG 77  
FM AMEMBASSY KUALA LUMPUR  
TO SECSTATE WASHDC 8314  
INFO SECDEF WASHDC/ISA(SA)/DSAA  
CINCPAC HONOLULU HI/J4

C O N F I D E N T I A L KUALA LUMPUR 5019

E.O. 11652: GDS  
TAGS: MASS, MY  
SUBJECT: FY 1977 FMS FINANCING

REF: (A) KUALA LUMPUR 3987 DTG 270930Z JUN 77  
(B) STATE 153871 DTG 11854Z JUL 77

1. DCM BENNETT AND POL SECTION CHIEF BUTCHER MET WITH MFA PRINCIPAL  
ASSISTANT SECRETARY FOR EUROPE AND AMERICAS SATHIAH JULY 27 TO  
RECOMMEND GOM CABLE AUTHORIZATION FOR MALAYSIAN AMBASSADOR TO SIGN FMS

LOAN AGREEMENT AND TO EXPLAIN PROBLEMS RESULTING FROM GOM  
INATTENTIVENESS TO VARIOUS DEADLINES IN IMPLEMENTING FMS CREDIT  
AGREEMENTS. ADCM POINTED OUT THAT THE MALAYSIAN FINANCE MINISTER (MOF)  
)  
TREATMENT OF SEPARATE FISCAL YEAR AGREEMENTS AS IN EFFECT A LUMP SUM  
AGREEMENT TENDED TO BLUR INTERNAL DEADLINES, CITING THE RECENT INSTANCE

WHEREBY FAILURE TO ACT UNTIL THE ELEVENTH HOUR ALMOST RESULTED IN THE  
MALAYSIANS LOSING OVER US\$2.1 MILLION THAT WOULD HAVE LAPSED HAD THEY  
NOT REPEAT NOT MET THE REQUIRED DEADLINE.  
(SEE EA/IMS SHEPARD TO BENNETT LETTER OF JULY 1.)

2. SATHIAH EXPRESSED APPRECIATION FOR BEING ALERTED TO THIS PROBLEM,  
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PAGE 02 KUALA 05019 020040Z

CITING POOR COMMUNICATION BETWEEN THE MALAYSIAN FINANCE AND  
DEFENSE MINISTRIES AS WELL AS HABITUAL DELAYS ALL ELEMENTS OF THE  
GOVERNMENT EXPERIENCE IN DEALING WITH MOF AS THE SOURCE OF THE  
PROBLEM. FURTHERMORE, MALAYSIAN EMBASSY WASHINGTON IS DEALING  
DIRECTLY WITH MOD AND MOF ON FMS, BYPASSING MFA. BENNETT SUGGESTED  
PERHAPS MFA SHOULD ARRANGE TO SIT IN ON JOINT DEFENSE-FINANCE  
MEETING TO ENSURE COORDINATION AND ALERTNESS TO USG PROCEDURAL

REQUIREMENTS. SATHIAH SAID HE WOULD LOOK INTO THIS. HE SAID IT WOULD BE VERY HELPFUL IF WE COULD PROVIDE HIM A PAPER RECAPITULATING THE VARIOUS PHASES OF THE FMS LOAN AGREEMENTS ALREADY UNDERWAY OR PENDING, INCLUDING INHERENT DEADLINES.

3. ACTION REQUESTED: IN ORDER TO RESPOND TO SATHIAH WOULD APPRECIATE RECEIVING AS SOON AS POSSIBLE AN UPDATED STATUS REPORT OF THE STATE OF PLAY IN IMPLEMENTING THE FY 77 AND FY 78 AGREEMENTS, INCLUDING DEADLINES THAT MUST BE MET. IT ALSO WOULD BE HELPFUL IF DEPT. IN COORDINATION WITH DOD CAN KEEP US APPRISED OF PENDING DEADLINES OR PROBLEMS SO THAT WE CAN ALERT MFA.  
MILLER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY SALES, LOANS  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1977KUALA05019  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
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**Reference:** 77 KUALA LUMPUR 3987, 77 STATE 153871  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1436175  
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**Status:** NATIVE  
**Subject:** FY 1977 FMS FINANCING  
**TAGS:** MASS, MY  
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**Review Markings:**  
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